

Significance Analysis  
Title 50A RCW  
Paid Medical and Family Leave  
Phase Two

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## Introduction

In 2017, the Washington State Legislature passed Substitute Senate Bill 5975 relating to paid family and medical leave. Substitute Senate Bill 5975 was codified as Title 50A RCW.

Title 50A RCW creates a statewide paid family and medical leave insurance program that provides for at least partial wage replacement when a qualified employee takes leave for an approved reason related to family or medical leave.

The legislation requires the state to develop rules implementing the program.

These rules are being developed by the Employment Security Department and will be filed in multiple phases. This filing comprises rules developed in phase two, which covers regulations related to employer responsibilities, small business assistance grants, and penalties.

## Chapter 1: Describe the proposed rules, including a brief history of the issue, and explain why the proposed rules are needed.

### **WAC 192-01-001 Rule governance statement.**

This rule creates subheadings within Chapter 192 of the Washington Administrative Code clarifying that rules developed for Paid Family and Medical Leave (PFML) have no bearing on other programs administered by the Employment Security Department (department).

### **WACS 192-500-010 through 192-510-040 establish definitions that apply only the PFML program.**

- **WAC 192-500-010 Employer.**  
This rule defines “employer.”
- **WAC 192-500-015 Employer agent.**  
This rule defines “employer agent.”
- **WAC 192-500-020 Calendar quarter.**  
This rule defines “calendar quarter.”
- **WAC 192-500-025 Terms meaning deliver.**  
This rule defines “deliver” and related terms.
- **WAC 192-500-030 Willful.**  
This rule defines “willful.”
- **WAC 192-500-035 Interested parties.**  
This rule defines “interested parties.”
- **WAC 192-500-040 Aggrieved person.**  
This rule defines “aggrieved person.”

### **WAC 192-510-045 How will the department assess the size of employers for calendar years 2019 and 2020?**

The application of many provisions of the PFML program are based on the number of employees an employer has. RCW 50A.04.115(8)(c) requires the department to annually average the number of employees reported by an employer over the previous four quarters to make this determination. This rule explains how the department will determine the size of an employer before four complete quarters of reporting data are available.

### **WAC 192-510-065 When can an employer deduct premiums from employees?**

This rule provides guidance to employers on the frequency and amount that may be withheld from employee wages for the purposes of PFML premium payments.

### **WAC 192-510-066 How are premium payments applied?**

This rule explains how the department will apply payments to current and previous balances.

### **WAC 192-530-035 When must an employer with a voluntary plan provide benefit payments?**

This rule establishes a timeline for when employers with an approved voluntary plan must provide benefit payments to approved applicants.

**WAC 192-530-060 What happens at the end of a voluntary plan?**

This rule provides guidance for employer and department actions when a voluntary plan is withdrawn by the employer or terminated by the department.

**WAC 192-530-070 What is good cause for terminating an approved voluntary plan?**

This rule provides reasons for which the department may terminate a voluntary plan.

**WAC 192-540-010 When must an employer send notice to employees who may need paid family and medical leave?**

This rule clarifies when an employer must send notice to employees who may be entitled to benefits under PFML.

**WAC 192-540-020 What are the employer requirements for posting notice in a work place?**

Statute requires employers to post a notice in a public work area summarizing an employee's rights under PFML. This rule clarifies the requirements for this notice.

**WAC 192-540-025 Is notice required if an employer reduces the portion of employee premiums it is electing to pay?**

This rule provides guidance about when an employer must provide notice to its employees when the employer elects to reduce the amount of the employee portion of the premium it will pay.

**WAC 192-540-030 What are employers required to report to the department?**

This rule lists what an employer must include in its quarterly report.

**WAC 192-540-040 How should employers report hours worked for each calendar quarter?**

This rule provides guidance on how employers should report hours for certain types of employees.

**WAC 192-540-050 When are employers required to submit quarterly reports to the department?**

This rule establishes a deadline for when each quarterly report must be submitted.

**WAC 192-550-010 What happens if an employer fails to submit required reports?**

This rule explains the penalties that employers will incur as a result of failing to submit required quarterly reports.

**WAC 192-550-020 What happens if an employer willfully fails to remit required payments?**

This rule explains the penalties employers will incur as a result of failing to submit required payments.

**WAC 192-550-030 How will the department calculate interest on delinquent payments?**

This rule explains how the department will assess interest on late payments.

**WAC 192-550-040 Can employer interest be waived?**

This rule clarifies the department's discretion to waive interest.

**WAC 192-550-050 Audit procedures**

This rule describes how the department will conduct an audit.

**WAC 192-550-080 What happens if an employer fails to provide requested information to the department for an audit?**

This rule establishes department practices in the event of an employer failing to comply with the requirements of an audit.

**WAC 192-560-010 Which businesses are eligible for small business assistance grants?**

This rule clarifies which businesses are eligible to apply for a small business assistance grant.

**WAC 192-560-020 What is the application process for a small business assistance grant?**

This rule establishes the process that an eligible employer will use to apply for a small business assistance grant.

**WAC 192-560-030 What are significant additional wage-related costs for the purposes of small business assistance grants?**

This rule lists reasons for which an eligible employer could apply for a small business assistance grant to cover significant additional wage-related costs.

**WAC 192-570-010 Conference and conciliation.**

This rule establishes the process of conference and conciliation that the department will use in applicable cases.

**WAC 192-570-020 Complaints regarding unlawful acts.**

This rule outlines how the department will assess complaints of unlawful actions.

**WAC 192-800-002 Untimely appeals.**

This rule indicates the action the department will take when a late appeal is received.

## Chapter 2: Is a Significance Analysis required for these rules?

Rules requiring a significance analysis.

WAC Section	Section Title	Reason a Significance Analysis is Needed
WAC 192-540-020	What are the employer requirements for posting notice in a work place?	This rule imposes a cost on businesses that relate to the posting and possible development of a required notice.
WAC 192-540-030	WAC 192-540-030 What are employers required to report to the department?	This rule imposes a cost on businesses that relates to quarterly reporting requirements.
WAC 192-560-020	WAC 192-560-020 What is the application process for a small business assistance grant?	This rule outlines application process with which businesses that elect to apply for a small business assistance grant must comply.

Rules not requiring a significant analysis.

The following rules do not require a Significance Analysis because they either:

1. Adopt, amend, or repeal:
  - a. Any procedure, practice, or requirement relating to any agency hearings;
  - b. Any filing or related process requirement for making application to an agency for a license or permit; or
  - c. Any policy statement pertaining to the consistent internal operations of an agency (RCW 34.05.328(5)(c)(i));
2. Set forth the agency's interpretation of statutory provisions it administers, the violation of which does not subject a person to a penalty or sanction (RCW 34.05.328(5)(c)(ii));
3. Adopt or incorporate by reference without material change federal statutes or regulations, Washington State statutes, rules of other Washington state agencies, shoreline master programs other than those programs governing shorelines of statewide significance, or, as referenced by Washington state law, national consensus codes that generally establish industry standards, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rule (RCW 34.05.328(5)(b)(iii)); or
4. Are not "significant legislative rules" insofar as the proposed rule does not make significant amendments to a policy or regulatory program (RCW 34.05.328(5)(c)(ii)(C)).



<b>WAC Section</b>	<b>Section Title</b>
WAC 192-01-001	Rule governance statement.
WAC 192-500-015	Employer agent.
WAC 192-500-020	Calendar quarter.
WAC 192-500-025	Terms meaning deliver.
WAC 192-500-030	Willful.
WAC 192-500-035	Interested parties.
WAC 192-500-040	Aggrieved person.
WAC 192-510-045	How will the department assess the size of employers for calendar years 2019 and 2020?
WAC 192-510-065	When can an employer deduct premiums from employees?
WAC 192-510-066	How are premium payments applied?
WAC 192-530-035	When must an employer with a voluntary plan provide benefit payments?
WAC 192-530-060	What happens at the end of a voluntary plan?
WAC 192-530-070	What is good cause for terminating an approved voluntary plan?
WAC 192-540-010	When must an employer send notice to employees who may need paid family and medical leave?
WAC 192-540-020	What are the employer requirements for posting notice in a work place?
WAC 192-540-025	Is notice required if an employer reduces the portion of employee premiums it is electing to pay?
WAC 192-540-030	What are employers required to report to the department?
WAC 192-540-040	How should employers report hours worked for each calendar quarter?
WAC 192-540-050	When are employers required to submit quarterly reports to the department?
WAC 192-550-010	What happens if an employer fails to submit required reports?
WAC 192-550-030	How will the department calculate interest on delinquent payments?
WAC 192-550-040	Can employer interest be waived?
WAC 192-550-050	Audit procedures
WAC 192-550-080	What happens if an employer fails to provide requested information to the department for an audit?
WAC 192-560-010	Which businesses are eligible for small business assistance grants?
WAC 192-560-020	What is the application process for a small business assistance grant?
WAC 192-560-030	What are significant additional wage-related costs for the purposes of small business assistance grants?
WAC 192-570-010	Conference and conciliation.
WAC 192-570-020	Complaints regarding unlawful acts.
WAC 192-800-002	Untimely appeals.

### **Chapter 3:** Clearly state in detail the general goals and specific objectives of the statute that the rules implement.

#### **WAC 192-540-020** What are the employer requirements for posting notice in a work place?

RCW 50A.04.075 requires an employer to post a notice in a common workplace area “...setting forth excerpts from, or summaries of, the pertinent provisions of this chapter and information pertaining to the filing of a complaint.” Though the statute prescribes the posting of the notice, itself, it does not dictate the specific content of such a notice.

#### **WAC 192-540-030** What are employers required to report to the department?

RCW 50A.04.080 requires employers to submit reports to the department that are required by the commissioner. From these reports, the department is to derive information and data pertinent to the proper administration of paid family and medical leave such as, but not limited to, premium assessment, benefit calculations, and program eligibility. The statute is silent on the exact contents of these reports and their frequency.

#### **WAC 192-560-020** What is the application process for a small business assistance grant?

RCW 50A.04.230 features information regarding grants for which employers with 150 or fewer employees may be able to apply. While the statute is prescriptive regarding grant eligibility, the statute is silent on the process through which application to the department for such a grant will occur.

**Chapter 4:** Explain how the department determined that the rules are needed to achieve these general goals and specific objectives. Analyze alternatives to rulemaking and the consequences of not adopting the rules.

**WAC 192-540-020** What are the employer requirements for posting notice in a work place?

WAC 192-540-020 outlines the required content of the notice that employers are required to post in a common area. It also requires the department to post a notice on its website that employers on the state plan may use to meet this requirement, though employers are also permitted to develop their own notice that contains the same information. Any notice developed by employers must be approved by the department. WAC 192-540-020 prescribes what the notice must include to be approved.

**WAC 192-540-030** What are employers required to report to the department?

WAC 192-540-030 establishes the content of the quarterly report that employers are required to submit to the department. The statute does not specifically dictate the content of the quarterly employer report, so the department developed this rule to specific said content.

**WAC 192-560-020** What is the application process for a small business assistance grant?

WAC 192-560-020 outlines how an eligible business may apply for certain grants available to employers with 150 or fewer employees. The criteria for eligibility are established in statute, but the process for how a small business may opt in to the employer share of the premium in order to meet an eligibility requirement, as well as what information the department will require to approve or deny the application, is absent.

## Chapter 5: Explain how the department determined that the probable benefits of the rules are greater than the probable costs, taking into account both the qualitative and quantitative benefits and costs and the specific directives of the statute being implemented.

### Methodology

Economic impacts of each rule were estimated separately. The median hours and median pay rate were used as estimate inputs to calculate the median cost of compliance, administration or execution for any of the three rules examined. The median hours were multiplied by the median pay rate, and the product is the estimate for micro-level median cost of the PFML task for any small business. The total small businesses economic impact for a rule is the product of the count of small businesses and the median cost of the task. The calculated estimates were assumed to apply uniformly to small businesses regardless of characteristics like size, location, tenure and industry.

These estimates include sole-proprietor businesses. The sole-proprietors account for 135,057 businesses in the state<sup>1</sup>. Sole-proprietors are not included in the Unemployment Insurance data as they are not required to pay unemployment insurance taxes, thus they were not included in the administrative data used for the sample draw of this study.

Summing the small business Unemployment Insurance reporting firms (178,241) and the sole-proprietor firms (135,057) yields a total small business count of 313,298 firms relevant to the economic impact to be calculated within this study.

### Survey Design

#### Sample Frame

The survey sample frame contains 101,398 Washington state Unemployment Insurance covered small businesses that have an email address. Not all of the email addresses were valid or current and some were on an opt-out list. None of these factors were known prior to the data extraction and as such were not considered in determining the samples. The business size was determined using a three-month average of employment in the current final 2017 EQUI file where businesses reported one to fifty employees. Other descriptors, email address for example, were added to the frame from Unemployment Insurance database tables.

#### Sample Selection

Three cohorts were used, one for each of the three rules that require an impact statement, each of equal size. Initially the sample frame was split into thirds (three files), next 10,000 email addresses were selected at random from each of the three files. All data fields were then stripped from the sample files other than email address, thus reducing the possibility that a person could identify a business in the

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<sup>1</sup> Washington State Department of Revenue, Research and Fiscal Analysis. Sole Proprietor Businesses who filed an excise tax return during Calendar Year 2017.

event of a data breach. The three files were uploaded to a “collector” in Survey Monkey and then sent out for response via the Survey Monkey system.

## Survey Questions

The survey questions were designed to elicit responses that are used as estimates of the median hours and the median pay rate to complete the PFML new or amended rule related task. Each survey contained opener and closer questions<sup>2</sup>. The questions about hours and pay rate were sandwiched between the opener and closer questions.

### *Survey Questions for WAC 192-540-020*

1. How much time, in hours, will it take your administrative staff to post the department-supplied notice of PFML rules?
2. Referencing your answer to question #2: What is the hourly pay rate, in dollars, of the administrative staff worker who will post the department supplied notice?

### *Survey Questions for WAC 192-540-030*

1. Please specify the job title of the first employee who will work on the preparation and filing of PFML quarterly reports.
2. How many hours will the employee from the answer above spend on the PFML task?
3. For the worker from the answer above, what will their pay rate be while working on the PFML task?
4. Are there other employees that work on the PFML task? If the response is “No” the closer question appears and the survey ends. If the answer is “Yes” the survey goes to the occupation question again and repeats up to four iterations.

### *Survey Questions for WAC 192-560-020*

1. Please specify the job title of the first employee who will work on the preparation and filing of the small business assistance grants.
2. How many hours will the employee from the answer above spend on the PFML task?
3. For the worker from the answer above, what will their pay rate be while working on the PFML task?
4. Are there other employees that work on the PFML task? If the response is “No” the closer question appears and the survey ends. If the answer is “Yes” the survey goes to the occupation question again and repeats up to four iterations.

## Survey Results

The response rates are the calculated quotient, dividing the number of responses (numerator) by the total survey population (denominator). The total emails are those that were considered valid by Survey Monkey’s system and as such the total sent does not match the 10,000 initial population per survey. For these three surveys, each with approximately 9,000 sample members, 369 complete responses were necessary to have 95 percent confidence that an estimate was within plus or minus five percent of the actual value (margin of error). WAC 192-540-020 and WAC 192-540-030 achieve the 95 percent confidence at plus or minus five percent. WAC 192-560-020 achieves 95 percent confidence plus or minus six percent due to fewer complete responses.

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<sup>2</sup> See Appendix A – Opener and Closer Questions.

### Survey Results - WAC 192-540-020

A total of 9,312 emails were sent for the WAC 192-540-020 survey. Of the 9,312 emails, 142 bounced, 142 were on the opt-out list and five were internal. The remaining sample population was 9,019. There were 930 responses to the survey. Of those responses, 702 completed the two questions, hours and pay rate, and were considered a completion. The response rate for this survey was 7.8 percent.

### Survey Results - WAC 192-540-030

A total of 9,540 emails were sent for the WAC 192-540-030 survey. Of the 9,540 emails, 321 bounced, 207 were on the opt-out list and five were internal. The remaining sample population was 9,019. There were 1,321 responses to the survey. Of those responses, 551 completed at least one iteration of the two questions, hours and pay rate, and were considered a completion. The response rate for this survey was 6.1 percent.

### Survey Results - WAC 192-560-020

A total of 9,432 emails were sent for the WAC 192-560-020 survey. Of the 9,432 emails, 167 bounced, 172 were on the opt-out list, and five were internal. The remaining sample population was 9,088. There were 1,197 responses to the survey. Of those responses, 291 completed at least one iteration of the two questions, hours and pay rate, and were considered a completion. The response rate for this survey was 3.2 percent.

### Economic Impact of WAC 192-540-020

The median hours reported to complete the PFML information poster task is one hour. The median hourly pay rate to complete the PFML information poster task is \$20 per hour. Businesses are required to post the PFML information poster. The economic impact on small businesses of the PFML information poster task is \$6,265,960, with 99 percent confidence the actual cost is no more than five percent higher or lower than the estimate. This estimate implies that every small business will incur a \$20 cost to complete the PFML information poster task.

### Department Justification for Rule

Businesses are legally required to post a notice that contains basic information regarding the PFML program. To the extent that the notice is required by law, there is no additional cost imposed by this rule. Beyond that extent, this rule determines the content of that notice. The department recognizes that the amount of content required by this rule may impose a cost on businesses.

The department justifies the imposition of this cost as being necessary for the implementation of statute. The notice will also serve to increase awareness and usage of the program. Employers also have the option of using a notice provided by the department to avoid the burden of preparing their own.

### Economic Impact of WAC 192-540-030

The median hours reported to complete the quarterly reporting task is five hours. The median hourly pay rate to complete the PFML quarterly reporting task is \$29. Businesses are required to submit four quarterly reports per year. The economic impact on small businesses of the PFML quarterly reporting task is \$181,712,840, with 95 percent confidence the estimate is within five percent of the actual cost. This estimate implies that each year any small business in the state will incur a \$580 total annual cost to submit the PFML reports.

### Department Justification for Rule

Program eligibility, benefit calculation, and premium assessment under paid family and medical leave are reliant upon data collected by the employer regarding wages earned, hours worked, and other key data points. Like Unemployment Insurance, employer reporting is necessary to ensure that the department has access to complete and accurate information regarding these data points. To the extent that the notice is required by law, there is no additional cost imposed by this rule. Beyond that extent, this rule determines the content of that notice. The department recognizes that the amount of reporting required by this rule may impose a minor cost on businesses.

The department justifies the imposition of this cost as being necessary for the implementation of statute. The department requires the data points listed in this rule for the proper and efficient administration of the PFML program.

### Economic Impact of WAC 192-560-020

The median hours reported to complete the PFML grant application task is 10 hours. The median hourly pay rate to complete the PFML grant application task is \$25. Assuming every small business in the state completes at least one grant application per year, the economic impact to small businesses is \$78,324,500 with 95 percent confidence the estimate is within six percent of the actual cost. This estimate implies that any small business that chooses to submit a small business assistance grant will incur a \$250 cost each time they submit a grant application. Note that any small business may be eligible to submit more than one grant application per year. Therefore, this estimate is the lowest threshold of economic impact, assuming every small business submits at least one grant application per year.

### Department Justification for Rule

Small businesses that meet certain criteria are eligible for grants from the department to help mitigate the financial burden of an employee taking paid family and medical leave. The department developed a process through which an employer may apply for this grants in WAC 192-560-020. The department recognizes that time and effort will be required to adhere to this process to properly submit an application.

The department justifies the imposition of this cost as being necessary for the implementation of statute. Without this process, there is no guidance for a small business owner to apply for the grant.

**Chapter 6:** Identify alternative versions of the rule that were considered and explain how the department determined that the rule being adopted is the least burdensome alternative for those required to comply with it that will achieve the general goals and specific objectives stated previously.

**WAC 192-540-020** What are the employer requirements for posting notice in a work place?

Specific content of the notice was thoroughly discussed. The final rule was crafted to reflect necessary information that must be made to employees to take advantage of the program and to file a complaint should they wish to do so. Both factors are required by statute, and the information required by rule is intended to meet those requirements.

**WAC 192-540-030** What are employers required to report to the department?

The department considered multiple lists of data points that employer would be required to report. The criteria listed in WAC 192-540-030 represent the fewest number of data points necessary to effectively and efficiently administer the paid family and medical leave program.

Some required data points are required to properly calculate premium assessment and benefit amounts. Others are necessary for the effective allocation of agency resources to maximize outreach and personnel decisions. In totality, the final list represents the least burdensome data collection requirements necessary.

**WAC 192-560-020** What is the application process for a small business assistance grant?

The process that is outlined by rule is the process that most clearly reflects the need to simplify the process for the employer and maintain grant integrity by the department. While the department is eager to provide grants to small businesses that meet eligibility requirements, the department must also verify that all criteria have been met and that the business is applying in good faith. Multiple versions of this rule were drafted in an attempt to strike this delicate balance.



## Chapter 7: Conflicts with Federal or State law

None of the rules analyzed in this Significance Analysis conflict with Federal or State law.

## Chapter 8: Performance impositions on private vs. public sectors

Since all employers and employees, regardless of public or private sector employment status, are required to participate in paid family and medical leave, there is no evidence to suggest that any proposed rule will have a measurably different impact between the two sectors.

## Chapter 9: Conflicts with Federal or State regulatory bodies

None of the rules analyzed in this Significance Analysis differ from any applicable Federal or State regulatory requirements.

## **Chapter 10: Coordination with Federal, State, or local laws**

There are no other Federal, State, or local laws applicable to the rules analyzed in this Significance Analysis.

## Appendix: Data Collection

This analysis contains excerpts of a report completed by the Employment Security Department to determine the economic impact of proposed rules on businesses. Additional information from this report regarding data collection and methodology is included below.

Table 1. Economic Impacts

	Median Hours Spent	Median Pay Rate	Count of Small Businesses	Iterations per Year	Economic Impact	Implied Annual Cost per Business
WAC 192-540-020	1	\$20	313,298	1	\$6,265,960	\$20
WAC 192-540-030	5	\$29	313,298	4	\$181,712,840	\$580
WAC 192-560-020	10	\$25	313,298	1	\$78,324,500	\$250

## Overview

Three Paid Family and Medical Leave (PFML) rules from Phase Two require an economic impact analysis as mandated by RCW 34.05.328. Aggregate costs to small businesses must be estimated and compared with the costs borne by the largest businesses in the state. The comparison provides evidence for explaining and justifying the imposition of a cost related to a new rule. The first rule is WAC 192-540-020, the second rule is WAC 192-540-030 and the third rule is WAC 192-560-020. Each rule has an independent unique survey, and each survey is sent to separate cohorts.

Large businesses, defined as the top ten percent of businesses in the state by employment, experience no economic impact due to the PFML rules. This large business characteristic is associated with economies of scale. Basically, the cost of administering the PFML rules is spread across a large number of employees and is marginal – it can be looked at as contained in the existing business cost structure.

A small business is defined as a business with 50 or fewer Unemployment Insurance covered employees as recorded in the Quarterly Census of Employment and Wages (QCEW). The count of employment for small businesses in this study is defined as the average of the three quarters of employment reported in the last final QCEW, third quarter 2017. Sole-proprietors are included in this study.

The small businesses in this study are asked questions to elicit economic responses. To date, the businesses have not performed the PFML tasks they are being asked about and are being asked about their future activities. Responses may be higher or lower than the actuals, but they do provide reliable estimates of the micro level economic impact to small businesses. The responses are based on business owner intuition and as such should provide reasonably unbiased estimates of the costs businesses will experience.

### **Reasoning Methodology and Rules Considered for Small Business Economic Impact<sup>3</sup>**

Each new rule is considered for economic impact analysis. It is assumed that the plan as implemented from Phase One carries a baseline economic impact for small businesses. In this study we are interested in variations from the Phase One economic baseline. Does the new rule, or the amendment to an existing rule, cause or increase economic impact above the Phase One baseline?

The method used to determine if a rule is to be analyzed is as follows: First, is the new rule required to administer the PFML program? If “Yes,” does the rule provide instruction about details of plan compliance, administration or execution, or does the rule mandate action to achieve compliance, administration or execution? If “Yes,” to any of the priors, then the rule causes no economic impact; if “No,” to all the priors and “Yes” to any of the latter, then the rule has an economic impact and will be studied. If the rule is not required to administer the program, yet amends an existing rule the same logic is used. Thus, if any rule or amendment causes an increase in economic cost beyond the baseline, that amendment or new rule will be evaluated for its economic impact on small businesses.

Another overall criteria, the homogeneity of a rule’s economic impact, is imposed. If the economic cost of a rule or amendment to an existing rule causes an economic impact on some businesses, but not all businesses, then the rule or amendment is not considered to have an economic impact compelling economic analysis. This reasoning is based on the notion that penalties, interest, cancelations, etc., are not normal impacts of administering or executing the plan that all businesses experience. These relevant economic costs may arise due to lack of compliance, voluntary exit from the program, etc. and the costs are not born by all businesses in a uniform way (the costs are heterogeneous), hence these costs are exogenous to the operation of the plan.

Three rules are considered to have an economic impact on small businesses. The rule number, brief rule title and the decision reasoning are detailed below.

#### **WAC 192-540-020 What are the employer requirements for posting notice in a work place?**

This rule imposes an economic impact on small business employers. The event of an employer posting a standard notice in a common work area does take an amount of time, paper (if the notice is not printed by the department), ink, and staples, glue, tacks etc.

#### **WAC 192-540-030 What are employers required to report to the department?**

This rule imposes economic impact on small business employers. The report is an accounting/human resources/administrative management activity that occurs quarterly throughout the calendar year. Time instructions are contained in 195-540-050 as to when the frequency at which the report must be filed, and 192-540-040 instructs the detail of hours to be included in the report.

#### **WAC 192-560-020 What is the application process for a small business assistance grant?**

This rule imposes economic cost on those businesses that apply for small business assistance grants. The rule establishes application contents and various eligibility and exclusion criteria. Receiving an assistance grant reduces the cost of participating in the PFML program and therefore it is assumed that every small business in the state submits at least one grant application per year.

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<sup>3</sup> For new rules that were considered for economic analysis and the relevant decision reasoning, see the “Appendix B, Decisions” section of the Appendix.

## Opener and Closer Questions

Opener one: “Please select the one size category below that best reflects the number of employees at your business?”

- More than 50 employees
- Between 25 and 50 employees
- Between 10 and 25 employees
- Less than ten employees

Opener two<sup>4</sup>: “We would like to know the occupation, hours spent, and wage rate of your employees who will work on the preparation of PFML small business assistance grants. We would like to know about up to five employees who will spend the most time on this task. How many employees will work on this task?”

- 1 Worker
- 2 Workers
- 3 Workers
- 4 Workers
- 5 Workers
- Zero, we intend to contract with another company to perform the work.

Opener three<sup>4</sup>: “Please specify the job title of the first employee who will work on the preparation and filing of the small business assistance grants.”

Closer: Which one of the following Industries does your business operate?

- One choice from a list of 19 two digit NAICS titles.

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<sup>4</sup> This question is an example custom to the small business grants survey, for example purposes.